



# Authorize New Agreement with Edison for the Sale of Energy from Metropolitan's Hydroelectric Plants

Engineering and Operations Committee

Item 8-4

February 11, 2013

# Metropolitan Hydroelectric Power Plants



Venice

Corona

Red Mountain

Temescal

Wadsworth (DVL)



# Southern California Edison Contract

- Effective November 1, 2008
- October 19, 2012, Edison submitted notice to terminate on October 31, 2013 (5-year option)
- November 15, 2012, Edison solicited energy bids using the Renewable Auction Mechanism (RAM)
- Metropolitan's bid would provide similar revenues as current contract (\$3.1M in 2012)



Venice Hydro Plant

# Renewable Auction Mechanism (RAM)

- CPUC sanctioned process for investor-owned utilities to acquire renewable energy
- Utilizes a standard, pro forma agreement modified for generator type and bid submittal
- Small generators, 3 to 20 MW eligible. Only Venice and Red Mountain qualify
- Edison selects bidders on February 28, 2013
- Successful bidders must execute agreement by March 7, 2013

# Pro Forma Agreement

- 10-year term
- Increased telemetry and contract administration obligations for Metropolitan
- Operational requirements need clarification
  - Letter of credit or deposits
  - Generation curtailments
  - Penalties
- Resolution from Board of Directors authorizing party to execute the agreements



# Next Steps

- Clarify agreement requirements and obligations and determine costs
- Ensure risks and obligations are acceptable
- Prepare for February 28 bidder selection
- If selected and final terms are acceptable, execute the agreements by March 7
- Continue analysis of options for the sale of energy from Metropolitan's hydroelectric plants

# Board Options

- Option # 1
  - Adopt CEQA determination
  - Authorize the General Manager to execute the RAM pro forma renewable energy agreements with Edison, if the final operational and financial requirements are acceptable
  - Adopt the Resolution to authorize execution and performance of the agreements
- Option # 2
  - Do not authorize execution of the agreements

# Staff Recommendation

- Option # 1



